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ABSTRACT

This policy update provides an overview of the Supplemental Security Income (SSI) program as it applies to youth with disabilities at the time of their transition from high school. The paper defines "disabled individual" and "substantial gainful work," outlines how income and resources are identified for determining eligibility, notes other eligibility requirements, and reports how the amount of an individual's SSI payment is determined. Work incentives added to the SSI program are discussed, including special cash benefits, medical benefits, deduction of impairment-related work expenses, income exclusion under PASS (Plans for Achieving Self-Support), and income exclusion specific to students of transition age. The paper urges educators to connect students and parents with their local Social Security Office to obtain the benefits of the SSI program and to remind students and parents that it is their responsibility to monitor earned and unearned income in relation to SSI benefits. Four Social Security Administration publications are listed as sources for further information. (JDD)

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National Transition Network

Policy Update

Spring 1994

ED 380 944

Supplemental Security Income Program

Benefits for Individuals Making Transition from School to Adult Life

The Supplemental Security Income (SSI) program is a "means-tested," federally administered income assistance program authorized by Title XVI of the Social Security Act. Established by the 1972 Amendments to the Social Security Act (Public Law 92-603), and begun in 1974, SSI provides monthly cash payments in accordance with uniform, nationwide eligibility requirements. The purpose of the SSI program is to assist eligible individuals in maintaining a minimum standard of living by providing cash benefits and work incentives. The program is administered by the Social Security Administration (SSA) and is funded by general revenues of the government, rather than from Social Security taxes.

Many misconceptions about SSI's impact on youth with disabilities as they transition from school to work remain. For years the program was considered a disincentive to employment because recipients feared losing their monthly cash payments and medical insurance. These perceptions have resulted in a reluctance among individuals to fully participate in employment. Several statutory and regulatory provisions have created new incentives that encourage individuals with disabilities to consider employment as an important option in their lives.

The purpose of this policy update is to provide an overview of SSI as it applies to youth with disabilities at the time of their transition from high school. SSI eligibility criteria income determinations, and work incentives are defined in terms of the statute and regulations.

■ Eligibility for SSI

To be eligible for Supplemental Security Income Benefits, an individual must (a) be 65 or older, or blind, or have a disability; (b) have limited income and resources; and (c) meet miscellaneous additional requirements. These criteria are briefly described below.


Defining Disability

The definition of disabled individual is provided in Sec. 1614 [42 U.S.C. 1382c]. It states:

(a)(3)(A) An individual shall be considered to be disabled for purposes of this title if he [or she] is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of less than twelve months (or, in the case of a child under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity).

(B) For purposes of subparagraph (A), an individual shall be determined to be under a disability only if his [or her] physical or mental impairment or impairments are of such severity that he [or she] is not only unable to do his [or her] previous work but cannot, considering his [or her] age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he [or she] lives, or whether a specific job vacancy exists for him [or her], or whether he [or she] would be hired if he [or she] applied for work.

The term substantial gainful work is a critical component in the determination of disability under SSI. Individuals who are able to perform substantial gainful work are not considered disabled under Social Security law. Typically, earnings are used as the best indicator of an individual's ability to engage in substantial gainful work. In 1994, average earnings of \$500 a month are generally considered substantial work. The substantial gainful work determination is pertinent for SSI only for those who are initially applying for benefits.

 The National Transition Network is a collaboration of the University of Arkansas; Colorado State University; University of Illinois, Urbana-Champaign; University of Minnesota; PACER Center; Technical Assistance for Parent Programs; and the University of Vermont. Its headquarters are at the Institute on Community Integration (UAP), University of Minnesota, Pattee Hall, 150 Pillsbury Dr. SE, Minneapolis, MN 55455, (612) 626-8200.

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Only earnings that represent the real value of the work performed are used to determine substantial gainful work. The value of a subsidy, i.e., the support a person receives on the job to obtain the same pay as other workers, is deducted when determining substantial gainful activity. For youth with disabilities, subsidies might include more supervision than others receive for the same job at the same pay, and fewer or simpler tasks than others complete for the same job for the same pay.

Identifying Income and Resources

In addition to meeting the criteria of disability, an individual's income and resources must be deemed minimal for the individual to be eligible for the SSI program. Income, as used in the act, refers to both earned income and unearned income. Sec. 1614 [42 U.S.C. 1382c] (a) states:

(1) *earned income means only:*

(A) *wages as determined under section 203(f)(5)(C);*

(B) *net earnings from self-employment, as defined in section 211 (without the application of the second and third sentences following subsection (a)(11), and the last paragraph of subsection (a) including earnings for services described in paragraphs of (4), (5), and (6) of subsection (c);*

(C) *any refund of Federal income taxes made by reason of section 32 of the Internal Revenue Code of 1954¹⁰ (relating to earned income credit) and any payment made by an employer under section 3507 of such Code¹¹ (relating to advance payment of earned income credit);¹²*

(D) *remuneration received for services performed in a sheltered workshop or work activities center; and*

(E) *any royalty earned by an individual in connection with any publication of the work of the individual, and that portion of any honorarium which is received for services rendered.*

All other income is defined as unearned income. Typical examples for youth with disabilities include:

- Personal support and maintenance.
- Any payments received as an annuity, pension, retirement, or disability benefit.
- Prizes and awards;
- Support and alimony payments.
- Rents, dividends, interest, royalties, etc.

Although many resources other than income are considered in determining eligibility, many resources are excluded. Such exclusions include: home, household goods, personal effects, other essential property, and resources of an individual who has an approved plan for achieving self-support, which will be illustrated later in this document.

Determining Other Eligibility Requirements

There are other eligibility requirements for participation in the SSI program, some of which include: citizenship or legal residency in the United States, and application for all other

benefits for which the individual is eligible. Local Social Security offices should be contacted for more information regarding these additional criteria and requirements for individual eligibility determination.

■ **Cash Benefits**

Individuals deemed eligible for SSI receive cash benefits. The actual amount received monthly will vary depending upon the amount of countable income received by individuals and their type of residence. In 1994, the maximum Federal benefit rate for individuals living in their own household and without other countable income was \$446 per month. The amount is adjusted annually to reflect changes in the Consumer Price index. The majority of states use their funds to supplement the federal cash benefit. The only states that do not have cash supplements are: Arkansas, Georgia, Kansas, Mississippi, Tennessee, Texas, and West Virginia. To determine the actual maximum payment in your state, contact your local Social Security office.

Other income received by an SSI recipient is taken into account in determining the amount of the individual's SSI payment. In general, income received by an SSI recipient is counted against the SSI payment amount, except to the extent that part or all of the income is excluded under various provisions of the law. The counted portion of income received is the portion that reduces the individual's SSI payment, dollar for dollar.

■ **Work Incentives**

Over the years, Congress has added several work incentives to the SSI program. Incentives to strengthen the SSI program and reduce economic barriers to employment included: (a) special cash benefits, (b) medical benefits, (c) impairment-related work expenses (IRWE), and (d) plans for achieving self-support (PASS). They permit individuals who receive SSI benefits to earn outside income (with limits established) and continue to receive payments and/or medical insurance coverage. In fact, these work incentives are intended to assist individuals to receive more money through earned income and benefits than they would receive on benefits alone. Further description of these work incentives is provided below.

Special Cash Benefits Provision: Section 1619(a)

The Special Cash Benefits Provision allows special SSI cash payments to recipients in place of their regular SSI payment, when other earned income exceeds the amount identified as substantial gainful work. The reduction in SSI payment when a SSI recipient goes to work is proportionate to the amount of earnings. The payment is reduced by \$1 for every \$2 earned above the general and earned income exclusion. This 1-to-2 reduction allows the individual to earn much more than the regular SSI payment would provide.

Some earnings are not counted when figuring whether an individual qualifies for SSI payments. First, \$20 income of any

kind is excluded per month (general income exclusion); then, \$65 earned income is excluded per month (earned income exclusion); and one-half of the amount of earnings over \$65. Therefore, a person's SSI check is reduced \$1 for every \$2 earned over \$65 (\$85 if the person has no unearned income). See the example below and Table 1.

Example: Jane receives \$407 in SSI benefits each month. She gets a job in a fast food restaurant and earns \$800 a month. She has no other income. Even though Jane is now earning more than the \$500 substantial work activity level per month, she is still eligible to receive \$49.50 in SSI payments. Her total income would be \$849.50.

Medical Benefit Provision: Section 1619(b)

In most states, individuals who qualify for SSI also qualify for Medicaid. Section 1619(b) of the SSI program allows individuals to continue their medical benefit when earnings are too high for cash payments but not high enough to offset the loss of Medicaid. This provision significantly reduces or eliminates the risk involved in becoming employed.

Sec. 1619[42U.S.C.1382h](b)(1) states:

(b)(1) Except as provided in section 1631(j), for purposes of title XIX, any individual who was determined to be a blind or disabled individual eligible to receive a benefit under section 1611 or any federally administered state supplementary payment for a month and who in a subsequent month is ineligible for benefits under this title (and for any federally administered State supplementary payments) because of his or her income shall, nevertheless, be considered to be receiving supplemental security income benefits for such subsequent month provided that the Secretary determines under regulations that—

(A) such individual continues to be blind or continues to have the disabling physical or mental impairment on the basis of which he [or she] was found to be under a disability and, except for his [or her] earnings, meets all non-disability-related requirements for eligibility for benefits under this title;

(B) the income of such individual would not, except for his [or her] earnings, be equal to or in excess of the amount which would cause him [or her] to be ineligible for payments under section 1611(b) (if he [or she] were otherwise eligible for

Table 1: SSI computation and total when wages (if any) equal \$500 and work expenses (if any) equal \$200.

Computation	Not Working	Working, No Expense	Working, with IRWE	Working, with PASS
Wages	\$0.00	\$500.00	\$500.00	\$500.00
Less General Exclusion (\$20) and Earned Income Exclusion (\$65)	---	- 85.00	- 85.00	- 85.00
Subtotal	---	\$415.00	\$415.00	\$415.00
Less IRWE	---	---	- 200.00	---
Subtotal	---	---	\$ 215.00	\$ 415.00
Less Half	---	- 207.50	- 107.50	- 207.50
Subtotal	---	\$207.50	\$107.50	\$207.50
Less PASS Expenditures	---	---	---	- 200.00
Counted Wages	\$0.00	\$ 207.50	\$ 107.50	\$ 7.50
SSI Payment: \$434 less counted wages	\$434.00	\$226.50	\$326.50	\$426.50
Total (SSI payment and Wages)	\$434.00	\$726.50	\$826.50	\$926.50

Prero, A.J. (Spring, 1993). Shifting the cost of self-pay for SSI workers in supported employment. *Social Security Bulletin* 56(1).

such payments); (C) the termination of eligibility for benefits under title XIX would seriously inhibit his [or her] ability to continue his employment; and (D) such individual's earnings are not sufficient to allow him [or her] to provide for himself a reasonable equivalent of the benefits under this title (including any federally administered State supplementary payments), benefits under title XIX, and publicly funded attendant care services (including personal care assistance), which would be available to him [or her] in the absence of such earnings. . . .

Health insurance may not be a concern for individuals included in their family's coverage. However, often individuals over 22 can be excluded from coverage under their family plan. Therefore, it is imperative that individuals consider SSI and its benefits at the time of transition, particularly at attainment of age 18. Local Social Security offices should be consulted regarding health insurance coverage.

Impairment-Related Work Expenses (IRWE)

The costs of impairment-related services, equipment, and supplies that a SSI recipient with disabilities needs in order to work can be deducted from earnings in calculating the monthly SSI payment amount. Job coaching and other services for current employment are appropriate for this exclusion, provided the services are needed because of the person's disability. Thus, the transportation necessitated by the worker's disability is a basis for an IRWE exclusion.

Sec. 1612[42U.S.C.1382a](b)(4)(B) states:

(B) if such individual or such spouse is disabled but not blind (and has not attained age 65, or received benefits under this title (or aid under a State plan approved under section 1402 or 1602) for the month before the month in which he [or she] attained age 65), (i) the first \$780 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, (ii) such additional amounts of earned income of such individual, if such individual's disability is sufficiently severe to result in a functional limitation requiring assistance in order for him [or her] to work, as may be necessary to pay the costs (to such individual) of attendant care services, medical devices, equipment, prostheses, and similar items and services (not including routine drugs or routine medical services unless such drugs or services are necessary for the control of the disabling condition) which are necessary (as determined by the Secretary in regulations) for that purpose, whether or not such

assistance is also needed to enable him [or her] to carry out his [or her] normal daily functions, except that the amounts to be excluded shall be subject to such reasonable limits as the Secretary may prescribe, (iii) one-half of the amount of earned income not excluded after the application of the preceding provisions of this subparagraph, and (iv) such additional amounts of other income not excluded after the application of the preceding provisions of this subparagraph, and (iv) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan, or. . . .

Earned income is excluded when it is used for IRWE. The IRWE exclusion is figured before the exclusion of half of earned income. That is, half the amount excluded as IRWE would have been excluded in any event, since the income is earned. The consequence is that, holding earnings constant, when a work

Regional Offices of the Social Security Administrative, Disability Program Branches

■ **Boston Region I**

Room 1950
John F. Kennedy Federal Building
Boston, Massachusetts 02203
(617) 565-2390

■ **New York Region II**

Room 40-114
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New York, New York 10278
(212) 264-7250

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M/S RX-53
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(206) 615-2139

expense is incurred, the SSI payment amount rises by only half the amount of the expense. Thus, in effect, under IRWE the compensation is half the expenditures. See Table 1 for calculations of IRWE exclusions.

IRWE exclusions can continue as long as the recipient is employed, without any overall time limitation. The recipient must pay for the costs from his or her own funds.

Plans for Achieving Self-Support (PASS)

PASS is a written plan, approved by the Social Security Administration (SSA), that specifies an employment goal to be achieved in the future and the expenditures necessary to pursue that goal. The expenditures may be current and ongoing, such as tuition, or they may be planned for the future, such as outlays for starting a business. Under PASS, income is excluded when it is used for the specified current expenditure or saved for the specified future expenditure. The PASS income exclusion applies to earned or unearned income, and it is introduced into the SSI computation after the exclusion of half of earned income.

PASS can cover an initial period of up to 18 months and can then be extended for another 18 months, for a total of 3 years. It can be extended for a fourth year if completion of a multi-year educational program is part of the plan. PASS terminates once the specified employment goal has been achieved, the person ceases to comply with or abandons the plan, or the maximum time specified in the plan elapses.

In a supported employment situation, the worker's goal under a PASS might be to achieve a particular level of productivity that he or she can maintain with the help of some given amount of ongoing job coaching. PASS would be terminated when the target level of productivity is achieved. Also, if the worker's levels of production and independence on the job stabilize before the goal is reached, and it appears that the goal will not be achieved, PASS terminates.

On the other hand, if it appears during the life of PASS that the recipient can achieve a higher level of productivity than anticipated, PASS can be extended, subject to the 48-month limitation, until the person reaches the higher level.

The kinds of expenditures for which income may be excluded under a PASS include those for job coaching, case management, job development, training in job search and other skills, public or private transportation to work, and similar services. See Table 1 for PASS exclusion example.

Exclusion Specific to Students in Transition Age

The "Student Earned Income Exclusion" rule allows an individual under age 22 who regularly attends school to earn more while receiving SSI payments. The rule excludes up to \$400 of earned income per month (up to a maximum of \$1,620 a year) when figuring the SSI payment amount. This exclusion is applied before any other exclusions.

"Regularly attending school" means that an individual takes one or more courses of study and attends classes:

- In a college or university for 8 hours a week; or
- In grades 7-12 for 12 hours a week; or
- In a training course to prepare for employment for 12 hours a week (15 hours a week if the course involves shop practice); or
- For less time than indicated above for reasons beyond the student's control, such as illness.

An individual who is home bound because of a disability may be regularly attending school by:

- Taking a course or courses given by a school (grades 7-12), college or university, or government agency; or
- Having a home visitor or tutor who directs the study.

Example: Jim is an 18-year-old SSI recipient who attends a vocational training course at a local high school for 12 hours a week. He completed the training course in June 1990. In January 1991 he began working 20 hours a week at \$4.50 per hour. His monthly earnings are approximately \$400. (Graduating to Independence, 1993)

Other Incentives

Any earned income which a blind person uses to meet expenses needed to earn that income is not counted in determining SSI eligibility and the payment amount. The expense does not need to be related to the individual's blindness and might include some of the following:

- Guide dog expenses
- Transportation to and from work
- Federal, State, and local income taxes
- Social Security taxes
- Attendant care services
- Visual and sensory aids
- Union dues
- Professional associations, etc.

The Property Essential to Self-Support provision allows a person to exclude certain resources which are essential to the person's means of support. For example, the value of tools or equipment which a person needs for work is totally excluded. The equity value of non-business property (up to \$6,000) which is used to produce goods or services essential to daily activities can be excluded.

■ **Implications for Transition**

The benefits and incentives included in the SSI program can be used as a source of support for an individual making the transition from school to adult life. As educators continue to assist students to find and maintain employment, they must understand the need to connect students and parents with their local Social Security Office to obtain the benefits of the SSI program. Educators, community service providers, rehabilitation professionals, and families must also be aware of the SSI program and its potential supports for an individual in transition.

It is also important to remind students and parents that it is their responsibility to monitor earned and unearned income in relation to the current SSI benefits. Consultation with local Social Service office personnel is important.

The program's benefits and incentives can serve as an opportunity for meeting the support needs of individuals with

disabilities. The requirements of the SSI program should be discussed well before a student with disabilities completes the high school program. Students and parents need time to become familiar with the program, assess its implications in their specific situations, and successfully apply for the program.

■ Resources

Social Security publications helpful in further understanding SSI include:

- *Working While Disabled — A Guide to Plans for Achieving Self-Support While Receiving Supplemental Security Income* (SSA Pub. No. 05-11017).
- *Working While Disabled — How Social Security Can Help* (SSA Pub. No. 05-10095).
- *Red Book on Work Incentives* (SSA Pub. No. 64-030).
- *Graduating to Independence* (Published by the Office of Disability.) To order contact Social Security Administration; Graduating to Independence Pilot; P.O. Box 17052; Baltimore, MD 21298-0067 • (410) 965-5419.

Copies of the first two publications may be ordered by calling 1-800-772-1213; the *Red Book* is available from the regional offices listed on page 4 of this publication.

Portions of this document were adapted with permission from Prero, A. J. (Spring 1993). Shifting the cost of self-pay for SSI workers in supported employment. Social Security Bulletin, 56(1).

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National Transition Network
Institute on Community Integration
University of Minnesota
Pattee Hall
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